

Message Text

UNCLASSIFIED

PAGE 01 WELLIN 01754 092120Z

64

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AGR-20 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

/187 W

----- 035071

R 092055Z JUL 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 6853

INFO AMEMBASSY CANBERRA

USMISSION OECD PARIS

UNCLAS WELLINGTON 1754

E.O. 11652: N/A

TAGS: EFIN, NZ

SUBJECT: NZ DOLLAR REVALUATION

1. NZ MINFIN IN ANNOUNCING WEEKEND THREE PERCENT REVALUATION NZ DOLLAR EXPLAINED IT WAS REALLY ONLY A RESTORATIVE MEASURE TO RETURN THE NZ DOLLAR TO ITS VALUE IN RELATION TO CURRENCIES OTHER THAN THE US DOLLAR BEFORE THE LATEST DECLINE OF US DOLLAR.

2. MORE IMPORTANTLY GNZ HAS SEVERED THE LINK WITH THE US DOLLAR AND HAS INSTITUTED A "CONTROLLED FLOAT", A FLOAT WITH CONSTRAINTS.

3. ACCORDING MINFIN IF THERE IS FURTHER MOVEMENT ESPECIALLY DEVALUATION IN ANY OF MAJOR CURRENCIES NZ DEALS WITH, NZ DOLLAR WOULD MOVE OUTSIDE THE PARITY BAND ALLOWED BY THE IMF.

4. MINFIN ADDED FURTHER HE CONSIDERED IT NO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 WELLIN 01754 092120Z

LONGER RESPONSIBLE TO STAY LINKED TO THE US DOLLAR

WHEN THE LINK PLACED NZ AT A DISADVANTAGE WITH SO MANY OF ITS TRADING PARTNERS INCLUDING SOME MORE IMPORTANT TO NZ THAN THE US.

5. FUTURE PEGGING OF THE NEW ZEALAND DOLLAR WILL BE CALCULATED ON THE WEIGHTED AVERAGE EFFECT ON TRADING PATTERNS, MANAGED BY RESERVE BANK INTERVENTIONS AND RATE SETTING ON A DAY TO DAY BASIS.

6. THIS "ADJUSTMENT" WILL HAVE, OF COURSE, SOME SMALL POSITIVE EFFECT ON THE COMPETIVENESS OF US EXPORTERS TO NZ

7. EQUALLY NZ MEAT AND OTHER EXPORTS TO THE US ARE A BIT MORE EXPENSIVE.
WOOD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973WELLIN01754
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: WELLINGTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730744/aaaabgnt.tel
Line Count: 77
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 29 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Oct-2001 by cunninfx>; APPROVED <05-Feb-2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NZ DOLLAR REVALUATION
TAGS: EFIN, NZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005